

EXHIBIT “C”

1 UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF PENNSYLVANIA

3 CIVIL ACTION NO.

02-CV-3830

4 BOARHEAD FARM AGREEMENT Judge Legrome D. Davis
5 GROUP,

Plaintiff, Oral Deposition of:

6 vs.

Leonard Sayles

7 ADVANCED ENVIRONMENTAL TECHNOLOGY
8 CORPORATION; ASHLAND CHEMICAL
9 COMPANY; BOARHEAD CORPORATION;
10 CARPENTER TECHNOLOGY CORPORATION;
11 CROWN METRO, INC.; DIAZ CHEMICAL
12 CORPORATION; EMHART INDUSTRIES,
13 INC.; ETCHED CIRCUITS, INC.; FCG,
14 INC.; GLOBE DISPOSAL COMPANY, INC.;
15 GLOBE-WASTECH, INC.; HANDY & HARMAN
16 TUBE COMPANY, INC.; KNOLL, INC.;
17 MERIT METAL PRODUCTS CORPORATION;
18 NOVARTIS CORPORATION; NRM INVESTMENT
19 COMPANY; PLYMOUTH TUBE COMPANY;
20 QUIKLINE DESIGN AND MANUFACTURING
21 COMPANY; RAHNS SPECIALTY METALS,
22 INC.; ROHM & HAAS COMPANY, SIMON
23 WRECKING COMPANY, INC.; TECHALLOY
24 COMPANY, INC.; THOMAS & BETTS
25 CORPORATION; UNISYS CORPORATION;
UNITED STATES OF AMERICA
DEPARTMENT OF NAVY,
Defendants.

18 * * * * *
19 Tuesday, November 23, 2004
20 * * * * *

21 Transcript in the above matter taken at
22 the offices of Ballard, Spahr, Andrews & Ingersoll,
23 LLP, 1735 Market Street, 42nd Floor, Philadelphia,
24 Pennsylvania, commencing at 1:40 p.m.

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WITNESS INDEX

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EXHIBITS

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None Marked

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1 (LEONARD P. SAYLES, having been duly
 2 sworn, was examined and testified as follows:)
 3 (EXAMINATION OF MR. SAYLES BY MR. DAVIES:)
 4 Q. Mr. Sayles, my name is Marc Davies.
 5 A. How are you?
 6 Q. Is that how you pronounce it, Sayles?
 7 A. Yes, right.
 8 Q. I got that wrong before.
 9 Have you ever been deposed before?
 10 A. I think so but I can't remember when.
 11 Q. Okay, well, I'll just go over the basic
 12 ground rules for you just so you have it in mind.
 13 First, your testimony here today is
 14 sworn testimony so your answers are under oath and
 15 they can have the same weight as if you were in
 16 court.
 17 Second, please make sure all your
 18 answers are verbal. If you give um-hum or just nod
 19 your head the court reporter can't take that down.
 20 A. Okay.
 21 Q. And third, please make sure, if
 22 possible, that we just have one person speaking at a
 23 time. It's pretty understandable when someone is
 24 asking a question and you sort of already know the
 25 answer to kind of jump in, just please wait for the

2 (Pages 2 to 5)

Page 6

1 person --
 2 A. Sure.
 3 Q. -- to finish. And there also may be
 4 objections interposed at some point, so it's even
 5 easier if you just wait for the question to finish,
 6 if someone has an objection they have time to make it
 7 and then we can continue on.
 8 A. Okay.
 9 Q. Let me just get your background first
 10 and your name?
 11 A. First name Leonard Sayles.
 12 Q. And address?
 13 A. 2804 Edge Hill Road, Huntington Valley,
 14 Pa. 19006.
 15 Q. And what's your date of birth?
 16 A. May 27th, 1941.
 17 Q. And I understand from the other Leonard
 18 that you went to Wharton?
 19 A. Wharton, correct.
 20 Q. And is that -- have you gone to school
 21 at all after Wharton?
 22 A. No.
 23 Q. Where did you go prior to college?
 24 A. Prior to college?
 25 Q. I'm sorry, where did you go to college?

Page 7

1 A. University of Pennsylvania.
 2 Q. And when did you graduate?
 3 A. '63.
 4 Q. I think my mother graduated right around
 5 there.
 6 A. All right.
 7 Q. Not really relevant.
 8 MR. CHAWAGA: Can we go around the
 9 room?
 10 BY MR. DAVIES:
 11 Q. And what were you doing, I guess your
 12 job just prior to working at Merit Metals?
 13 A. I was director of operations analysis
 14 for Hertz Rent-A-Car.
 15 Q. And how did you come to start working at
 16 Merit?
 17 A. Well, Len Wolberg and I met when he were
 18 both getting our MBAs and we always wanted to own our
 19 own business so for time period preceding that we
 20 were looking to buy a business.
 21 Q. And how did Merit Metals come up?
 22 A. I think Len met someone who was a broker
 23 or knew a broker and knew that Mel had moved his
 24 business up to the Pennsylvania area and needed
 25 capital or management and somehow that introduction

Page 8

1 was made.
 2 Q. So when did you start working at Merit?
 3 A. September of 1979.
 4 Q. And had Len already started working
 5 there?
 6 A. Yeah, he started about a year before.
 7 Q. And what did you do when you first
 8 started working there, what were your roles?
 9 A. I worked on a cost system. I worked
 10 there I think three or four days a week. And I
 11 worked initially on trying to learn the business and
 12 then doing a cost system.
 13 Q. And what was the cost system?
 14 A. Didn't have a standard cost system, as I
 15 recall, so I worked on developing one.
 16 Q. Did you work with anyone else at Merit?
 17 A. Well, I worked with Mel Silverman. And
 18 some people in the plant.
 19 Q. Now, do you recall about when you
 20 purchased Merit Metals?
 21 A. Well, we purchased a minority share in
 22 '78. And then we purchased majority share, I think
 23 50 percent plus one share in 1980.
 24 Q. Do you remember what the minority share
 25 was that you purchased in '78?

Page 9

1 A. If I had to guess, 18 percent.
 2 Q. Now, after you purchased the majority
 3 share, I guess you said it was 50 percent plus one
 4 share?
 5 A. Yeah.
 6 Q. That was in 1980, did you purchase more
 7 shares after that time?
 8 A. Yeah, we eventually bought out -- Mel
 9 Silverman owned some additional shares which we
 10 acquired, there was some minority shareholders which
 11 the company acquired their stock over time.
 12 Q. Do you recall about how long that took?
 13 A. No. No.
 14 Q. Now, do you remember, I guess, the name
 15 of the company that you purchased?
 16 A. Merit Metal Products Corporation.
 17 Q. And were you involved with the
 18 negotiation of that purchase?
 19 A. Um-hum. Yes.
 20 Q. I guess do you recall any negotiations
 21 over things like what exactly you were going to
 22 purchase, was it understood that you were going to
 23 purchase everything associated with the company?
 24 A. Well, we purchased stock in the company.
 25 Q. Okay. Now, when you were negotiating

3 (Pages 6 to 9)

Page 10

1 for purchase of the majority stake, did the issue of
2 liability come up at all, as far as who was going to
3 have liability going forward for lawsuits, things of
4 that nature?

5 A. I do not recall that it came up but it
6 may have, I don't recall.

7 Q. Now, after you took over majority
8 ownership, did your activities with the company
9 change, did what you do change at all?

10 A. No.

11 Q. Well, could you describe, besides just
12 working on that cost system, what else you did?

13 A. Well, the cost system was when I first
14 started in 1979.

15 Q. Okay.

16 A. Oh, I see, okay. My mistake.

17 Q. I'll rephrase. What else did you do
18 besides working on the cost system?

19 A. I got mixed up.

20 Q. That was my fault.

21 A. Well, eventually I took over
22 responsibility for the office and half the geographic
23 territories. If you could break these down to where
24 we sold products. So it was marketing and
25 administration.

Page 11

1 Q. Okay, let's look at the marketing first.

2 A. Sure.

3 Q. Were you responsible for sales team?

4 A. We used reps. We used reps and so the
5 reps in those geographic areas that I was responsible
6 for I managed. Certain geo -- certain areas we did
7 not have reps, although I can't tell you where they
8 were, and I dealt with the customers.

9 Q. Were these reps individuals that were
10 employed by your company?

11 A. No, they were independent contractors, I
12 guess.

13 Q. Do you remember any of the names of
14 these people?

15 A. Wow. I remember first names. A guy
16 named Dave in California.

17 Q. That should be easy.

18 A. I mean that's how I knew them, I never
19 called them by their last names.

20 Q. That's fine.

21 A. Oh, Winslow. David Winslow.

22 Q. So was he living in California?

23 A. Um-hum. Yes.

24 Q. Do you know which half of the country,
25 did you have I suppose the west half?

Page 12

1 A. Well, I did have California, Hawaii. I
2 don't remember where else now. I think Pennsylvania.
3 I'm drawing a blank, I can't remember where else.

4 Q. Do you recall who the rep was in
5 Pennsylvania?

6 A. No. I can picture it but I can't think
7 of his name.

8 Q. And could you just breakdown, if you
9 recall, the percentages of -- well, I'll back up for
10 a second.

11 I understood from this morning that
12 there were three main areas that you sold products, I
13 guess, groupings you could almost call it, marine,
14 government, which might involve marine to an extent,
15 and then --

16 A. Correct.

17 Q. -- what was the third? Brass was a
18 decorative?

19 A. Decorative brass, yes.

20 Q. In your mind, was there a distinction
21 between sort of marine and government or were they
22 really kind of the same type thing?

23 A. Well, there was a distinction between
24 what I would call recreational marine, which would be
25 pleasure boats and government, which would be

Page 13

1 hardware which was -- which were used on large
2 vessels.

3 Q. And what types of hardware were you
4 selling to these large vessels?

5 A. I think they were major -- I can't think
6 of the word. Mainly locks. Some hinges, I think.

7 Q. And what about the decorative, what did
8 that involve?

9 A. I'm not sure I understand the question.

10 Q. What kind of products were under the
11 decorative?

12 A. Oh, the type of products, there were
13 hinges, locks, cabinet hardware. God, it's so many
14 years ago. Locks, hinges, latches, bolts, things of
15 that type.

16 Q. And who were your major customers for
17 these decorative products?

18 A. We sold primarily to decorative -- to
19 distributors of hardware distributors, decorative
20 hardware distributors and there was sort of a blurb
21 between a hardware distributor and a place that would
22 also sell to the public or to decorators, I guess.

23 Q. Do you remember what the sales totals
24 were about when you started, let's say, in 1979?

25 A. Approximately a million.

4 (Pages 10 to 13)

Page 14

1 Q. And how about when you took majority
2 ownership, did that change even if it's only a year?

3 A. I hope it was up but I don't recall
4 numbers.

5 Q. And how about, I guess you owned the
6 business for about eight years?

7 A. We sold it, we sold it in 1988, I
8 believe.

9 Q. Do you recall what the sales figures
10 were by then?

11 A. No, I do not. More but I don't
12 remember.

13 Q. Let's just go back for a moment. You
14 mentioned that you also managed the office?

15 A. That is correct.

16 Q. And could you just tell me a little bit
17 about what that entailed?

18 A. Well, it entitled -- it entailed
19 purchasing, accounting. I don't know what else.
20 Purchasing, accounting, secretarial work that had to
21 be done. Invoicing. Accounts receivable.

22 Q. And did you have staff help you in each
23 one of these functions?

24 A. Yeah, we would, we had one, two, three,
25 three people I think in the office handling those

Page 15

1 functions. Maybe one part-timer, but I'm not even
2 sure about that.

3 Q. So you think maybe three full-time and
4 one part-time?

5 A. Yeah, I think there were three
6 full-time, possibly a part-time but I'm blurred.

7 Q. Was one of the full-time people like the
8 secretary or was it more a blur?

9 A. I don't know, we didn't have any one
10 whose sole duty was secretarial, it was some, you
11 know, letter type, somebody who would do it, whoever
12 mostly at the time.

13 Q. Was there someone who spent more time
14 focusing on purchasing?

15 A. Yes.

16 Q. Who was that?

17 A. Her name was Lorna.

18 Q. Lorna. Do you recall the last name?

19 A. Gold, Goldfarb, Goldstein, something
20 like that.

21 Q. Do you recall whether she worked for
22 your company the entire time that you owned it?

23 A. You mean specifically from what years to
24 what years?

25 Q. Well, during the time that you owned the

Page 16

1 company?

2 A. Yeah, she was there, yes.

3 Q. So that's purchasing and then
4 accounting, was there --

5 A. She did accounting, too.

6 Q. Purchasing and accounting. How about
7 invoicing?

8 A. That was done by someone else but I have
9 no idea, I can't remember names. There were several
10 people that were there for year and two and then
11 left. Maureen was someone, one person. I can't
12 remember the other names. I can picture them but I
13 can't think of their name.

14 Q. Now, what about the products, were you
15 involved at all with the production process in any
16 way?

17 A. On a peripheral basis only.

18 Q. Were you involved at all in trying to
19 work on any efficiencies to make the process better,
20 cheaper, faster, anything like that?

21 A. The only thing I remember doing with
22 respect to that question is we did, we wanted to know
23 how long it took someone to make something so we
24 would time how long it took for a person to do a
25 certain process. That may have though tied into the

Page 17

1 cost study now that I think of it. After that, no, I
2 was not involved, no.

3 Q. Do you recall at all the results of that
4 analysis, how long it would take someone to make
5 something?

6 A. What we probably measured hundreds of
7 different things so I can't tell you, I can't
8 remember any of the numbers.

9 Q. Do you remember looking at, looking at
10 the plating operation?

11 A. Yeah, that was one of the things you had
12 to measure, that I had to measure.

13 Q. And do you remember who was working on
14 that?

15 A. No. No.

16 Q. Do you remember what the plating
17 operation was?

18 A. Well, there was a room in which there
19 were a couple of tanks. I'm not sure how much more
20 specific I can be than that.

21 Q. Well, as specific as you can be. I
22 wasn't there.

23 A. There were a couple of tanks, there were
24 probably basins in there. That's all I can remember.

25 Q. Do you remember what was in the

5 (Pages 14 to 17)

Page 18

1 different tanks?

2 A. Well, we had a chrome plating process,
3 nickel, chrome, so there had to be chrome tanks,
4 maybe a chrome tank and a nickel tank or actually --
5 yeah, chrome tank and nickel tank.

6 Q. Were you involved in the purchasing end
7 in buying the chrome and the nickel?

8 A. Well, it would be my responsibility but
9 I cannot recall, I never did the buying myself so I
10 do not recall. I'm not sure I understand your
11 question.

12 Q. Well, do you recall how much --

13 A. No.

14 Q. -- nickel would have been purchased?

15 A. No. No.

16 Q. I guess I'll just ask you about the,
17 just sort of production in general before we move
18 on --

19 A. Sure.

20 Q. -- whether there is anyone else you
21 recall who worked in production when you got there,
22 let's just say 1979 you walk in the door for the
23 first time?

24 A. Well, there was a guy named Jim. Fred.
25 The guy in the foundry, I can't think of his name. I

Page 19

1 can't think of names. I can picture people but I
2 can't think of their names.

3 Q. Is that the guy that Len used to bum the
4 cigarettes from?

5 A. Yeah, but that was the guy in the
6 foundry. I cannot think of his name.

7 Q. Do you remember what he smoked?

8 A. No. I don't smoke so I don't.

9 Q. Do you remember what Jim did?

10 A. Jim was a tool maker, I think.

11 Q. Was he there when you arrived?

12 A. I believe so.

13 Q. And did he stay the whole time you owned
14 the company?

15 A. Yes. I think so. Yes.

16 Q. How about Fred?

17 A. Fred was there I think for six months
18 and then left.

19 Q. Do you recall what he did?

20 A. No, I think he retired, he was close to
21 70, if not older.

22 Q. That's interesting that you remember him
23 out of all the people.

24 A. Well, he was a character.

25 Q. Okay. Now, were you responsible for

Page 20

1 dealing with any waste?

2 A. Yeah, the area that I was involved in we
3 had a wastewater treating -- I'm trying to think of
4 the word -- station I guess where the rinse water
5 from the plating area was dumped into a tank and then
6 treated such that you had a precipitator that came
7 out which was, I guess was toxic because we had to
8 hire someone to take it away. And then the effluent,
9 if that's the proper word, the liquid that remained,
10 we could discharge into the town sewer system after
11 it was tested.

12 Q. And do you recall how often you would
13 discharge to the sewer?

14 A. I think twice a year.

15 Q. Would you recall about how much in terms
16 of gallons?

17 A. No, I do not.

18 Q. How big was the wastewater tank, let's
19 call it?

20 A. Boy, five feet high. It was conical so
21 maybe five feet in diameter, six, seven feet from the
22 diameter to the bottom of the cone, maybe five feet.
23 I'm not sure. Five feet may be too big. Possibly
24 four. I'm not sure.

25 Q. Okay. Now, do you recall who you used

Page 21

1 to haul the what you call the precipitate?

2 A. The only name I could think of is DuPont
3 but I'm not sure if we used them for that.

4 Q. Might you have used them for something
5 else?

6 A. I'm sorry, excuse me?

7 Q. Could you have maybe used DuPont for
8 something else?

9 A. We may have.

10 Q. What would that have been?

11 A. I don't know. That's the only name that
12 I can think of in terms of toxic waste removal.

13 Q. Was there any other waste streams, even
14 if you wouldn't think of it as toxic, any other waste
15 streams that were being removed from the facility?

16 A. TCE, no. No, that's all I could think
17 of.

18 MR. CHAWAGA: Again, Marc, this is in
19 the time period where Len and Len are owning the
20 business?

21 MR. DAVIES: Correct.

22 THE WITNESS: I'm sorry, I didn't hear
23 your question.

24 MR. CHAWAGA: I just wanted to confirm
25 the question the time period involved was when you

6 (Pages 18 to 21)

Page 22

1 were owning, you were the owners of the business, you
 2 and Len.
 3 BY MR. DAVIES:
 4 Q. Right, I'm not asking about before you
 5 were there or after, he just wants to make it clear.
 6 A. The toxic waste from the plating
 7 operation was there when we -- when I arrived is when
 8 the TCE problem arose and that is when we stopped
 9 using TCE, so.
 10 Q. And how were you disposing of the TCE?
 11 A. We didn't dispose of it, we didn't use
 12 it when I got there.
 13 Q. Okay. So before you started working
 14 there did you understand that they had used TCE?
 15 A. They used TCE in the degreasing
 16 operation but, to my knowledge, there was no waste of
 17 TCE, it was evaporated, in a closed, in essentially a
 18 closed system.
 19 Q. And do you know what they used after the
 20 TCE?
 21 A. No, but I could probably recognize the
 22 name. There was another chemical that was -- we used
 23 but I cannot recall the name.
 24 Q. Do you recall whether there was a waste
 25 stream generated from the vapor degreaser?

Page 23

1 A. No, I cannot recall.
 2 Q. Do you recall using, whether the
 3 facility used any kind of oils, cutting oils as
 4 lubricant?
 5 A. Yeah, we must have, some of the -- some
 6 of the machines did require oils, yes.
 7 Q. And do you know how that was disposed of
 8 or --
 9 A. No, it was so little that I don't
 10 remember.
 11 Q. Do you recall Merit ever conducting any
 12 etching operations?
 13 A. No, never.
 14 Q. Do you know what etching is?
 15 A. It's an acid process of making a mark on
 16 some metal or other substance.
 17 Q. Okay, but you don't recall it ever being
 18 done?
 19 A. Nothing to do with operations, no.
 20 Q. Do you recall whether Merit had any
 21 storage tanks outside of the facility?
 22 A. There were storage tanks but it was for
 23 scrap metal.
 24 Q. And what size, if you could estimate?
 25 A. I would think it would be 55-gallon

Page 24

1 drums.
 2 Q. Do you recall whether the facility had
 3 like a porcelain tank or something out back?
 4 A. A porcelain tank, no.
 5 Q. Do you recall whether the facility had
 6 any large tanks inside during the time you were
 7 there, storage tanks?
 8 A. Other than the, for the wastewater from
 9 the plating operation?
 10 Q. Correct.
 11 A. No. There was a tank that was used to
 12 store sludge from the tumbling operation.
 13 Q. And was that sludge tested before it was
 14 disposed of?
 15 A. I can't recall. There wasn't a lot of
 16 it so I can't recall.
 17 Q. Do you recall testing of any of the
 18 waste streams at the facility?
 19 A. Other than the plating waste, no.
 20 Q. How about the plating waste, how often
 21 would you test that?
 22 A. Well, as I mentioned, twice a year, I
 23 believe we would test it to get approval to have the
 24 effluent disposed of into the township water system.
 25 Q. And let me just ask you how that would

Page 25

1 work, would you send the results of the test to
 2 somebody before disposing?
 3 A. No. I would bring it over or somebody
 4 would send it over to a testing lab, I would get the
 5 report back, I would call up someone in the township,
 6 he would ask me to tell him what the results were of
 7 the test and he would say, you know, give me
 8 instructions over what length of time to dispose of
 9 the liquid into the town sewer system.
 10 Q. And do you remember who you talked to at
 11 the town?
 12 A. No. No.
 13 Q. So you don't recall ever having to send
 14 over paperwork of the testing results?
 15 A. No.
 16 Q. Do you remember the name of the lab that
 17 did the testing?
 18 A. No, I do not.
 19 Q. Do you recall the name Lancaster Labs?
 20 A. No, does not ring a bell.
 21 Q. Did the tests always come back with low
 22 enough results that --
 23 A. We, yeah, we never had -- the only
 24 change that was made was the length of time, the most
 25 would be 24 hours or less but we never were turned

7 (Pages 22 to 25)

Page 26

1 down.
 2 Q. Do you recall why you had to dispose of
 3 it over -- or whether he explained to you why you
 4 should dispose of it over 24 hours?
 5 A. No, I never asked and I just followed.
 6 Q. Do you recall what constituents or what
 7 chemicals were in the wastewater, besides just the
 8 water itself?
 9 A. I guess there was some copper. I don't
 10 know, can't remember. But whatever the chemicals
 11 that were in it we were permitted to dispose of in
 12 the town sewage system.
 13 Q. Do you recall whether nickel was in
 14 there?
 15 A. No, I do not.
 16 Q. How about I guess chromium?
 17 A. That probably was tested for.
 18 Q. Do you recall whether there was any
 19 positive test for chromium?
 20 A. I'm not sure of the intent of the
 21 question.
 22 Q. Was there any chromium in the
 23 wastewater?
 24 A. I suspect. I don't know, I mean we had
 25 them tested, he would ask me questions as to what it

Page 27

1 said, I would read off a variety of items and what
 2 quantities were there and not there and then he
 3 would, in this case always told me I could dispose of
 4 it.
 5 Q. Right. I was just trying to get your
 6 best recollection as to whether there were quantities
 7 of, you know, various chemicals, I was just going to
 8 ask about chromium, whether you recall whether there
 9 was any I guess positive results, meaning more than
 10 zero for chromium in the wastewater?
 11 A. I don't recall the numbers, except
 12 whatever the test result showed were below that which
 13 the township wanted in order to dispose of it
 14 untreated into the township sewer system.
 15 Q. Right, I understand there is sort of the
 16 level that the township is worried about and then
 17 there's zero, which is going to be below that, that's
 18 none.
 19 A. Right.
 20 Q. Between that is a level --
 21 A. I do not remember the numbers, no.
 22 Q. Do you remember whether there were any,
 23 we call them hits, just any amount more than zero of
 24 any contaminant besides you mentioned copper?
 25 A. More than zero?

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1 Q. Yes.
 2 A. Yeah, obviously, yes, but I don't
 3 remember what they were.
 4 Q. Okay.
 5 A. I mean they were testing for parts per
 6 billion so there had to be I guess something in
 7 there.
 8 Q. I was wondering what they were.
 9 A. I have no recollection.
 10 Q. That's fine.
 11 Do you recall the facility installing
 12 any pollution control equipment of any kind while you
 13 owned it?
 14 A. No, I don't.
 15 Q. Now you mentioned before that there was
 16 an issue I guess right before you came to work at
 17 Merit involving TCE. Did that come up after the time
 18 that you bought a partial share in the company?
 19 A. Yes, it started I believe in September
 20 of 1979.
 21 Q. And do you remember what kind of testing
 22 was performed, what happened?
 23 A. They found TCE in the township well
 24 which was located, not on our property, behind the
 25 plant.

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1 Q. And so what happened?
 2 A. Well, as I recall it was over 20 years
 3 ago. Is it 15? 1988 -- '78. 25 years ago. As I
 4 recall -- repeat the question, I'm sorry.
 5 Q. Well, do you recall whether there was a
 6 cleanup or what happened when they found the TCE?
 7 A. Yeah, when they found TCE, they tested
 8 areas in the -- around the back of the plant, they
 9 found TCE on the ground and they required us to
 10 remove ground that was contaminated.
 11 Q. And do you recall whether there were any
 12 other chemicals that they found in the ground or the
 13 well?
 14 A. The only thing they tested for as I
 15 recall was TCE.
 16 Q. Let me ask you a little bit about the
 17 time when you sold the company. Do you remember
 18 whether the TCE issue or any other environmental
 19 issues came up during negotiations over the sale of
 20 the company?
 21 A. No, I do not recall.
 22 Q. Do you remember any issues at all that
 23 seemed like big issues, important issues that took
 24 some time to negotiate?
 25 A. Other than purchase price?

8 (Pages 26 to 29)

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1 Q. Yes.
 2 A. No.
 3 Q. Was there any discussion over the buyer
 4 keeping the name of the company?
 5 A. Yes, of course, yes. They kept the name
 6 of the company.
 7 Q. Did you want to keep the name or were
 8 you just happy to give it to them?
 9 A. No, it was not part of -- it was part of
 10 negotiations were that they would take the name of
 11 Merit Metal Products.
 12 Q. Do you recall how you handled
 13 liabilities as part of the sale for any past or
 14 future lawsuits?
 15 A. I think there was something in the
 16 agreement where we would indemnify them for losses
 17 above a certain amount for a two-year period.
 18 Q. And did anything arise during that
 19 two-year period?
 20 A. Not that I can recall, no.
 21 Q. Now, can you recall what -- whether
 22 there were any parts of the company that you did not
 23 sell?
 24 A. Oh, we sold assets to them so if you're
 25 saying -- is the question what assets did we not

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1 sell?
 2 Q. Correct.
 3 A. We did not sell the real estate. My car
 4 and Len Wolberg's car. There was some cash. And I
 5 think there was something, possibly some prepayments,
 6 you know, for insurance and real estate taxes, real
 7 estate taxes would benefit us, those are the assets
 8 that I believe we retained. I cannot think of any
 9 other assets that we retained.
 10 Q. Was there negotiations at all over
 11 having the buyer purchase the land and the buildings
 12 as well as --
 13 A. Not that I recall.
 14 Q. Why did you decide to keep the real
 15 estate?
 16 A. Because we wanted to and it reduced the
 17 purchase -- it reduced the cost of the sale to them.
 18 Q. Do you recall if goodwill, customer
 19 lists, things of that nature were part of the
 20 purchase price?
 21 A. Well, I don't think any -- when you say
 22 goodwill, I mean -- you mean intent, I mean I'm not
 23 sure how -- what you mean by goodwill.
 24 Q. Well, let's just stick for the moment
 25 with customer lists.

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1 A. They kept a -- they had a
 2 computerized -- at that point we were computerized
 3 and therefore the computer contained, you know, the
 4 names of our customers.
 5 Q. Right. And did you enter into a
 6 noncompete regarding those customers?
 7 A. I believe we entered into a noncompete
 8 with them, not to compete with them against -- not to
 9 compete with them. I don't believe it was specific
 10 to a customer or any group of customers.
 11 Q. And then I understand that you formed a
 12 new corporation to put the real estate into?
 13 A. No. We kept the corporation, they
 14 acquired the assets, we kept the corporation.
 15 Q. I'm sorry. And did you change the name
 16 of the corporation or it always had the same name?
 17 A. No, we changed the name to Leonard II
 18 Company.
 19 Q. And then did you dissolve that
 20 corporation?
 21 A. That company was dissolved in 1991.
 22 Q. And why did you decide to dissolve the
 23 company?
 24 A. There was no need to keep it going. No
 25 point. And I believe there was also some negative

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1 tax consequences if we didn't dissolve it.
 2 Q. Do you have paperwork from that
 3 dissolution from 1991?
 4 A. Not with me but I believe that was --
 5 MR. MIANO: That was supplied.
 6 THE WITNESS: That was supplied.
 7 BY MR. DAVIES:
 8 Q. I only ask because the paperwork I saw
 9 had like a 2001 date and I wasn't sure whether that
 10 was just because when you get another copy of it, it
 11 gets a new date or what that was about.
 12 A. Well, I think there are different --
 13 there's the actions whereby you liquid the assets,
 14 which requires I think certain steps that were taken,
 15 board approval and some other steps which I believe
 16 were previously provided. So in 1991 all the assets
 17 of the corporation were legally distributed and then
 18 we had, which I'll call a shell corporation with no
 19 assets and no liabilities and then I suspect in
 20 around the year 2000 or 2001 we extinguished the
 21 corporation.
 22 Q. Do you know why you waited ten years?
 23 A. We thought it had been done.
 24 Q. Do you recall how it came up that you
 25 realized it hadn't been done?

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1 A. Something as a result of Boarhead Farm
2 made us realize that the corporation still existed.
3 Q. Now, before you got involved with this
4 litigation even peripherally, had you heard of
5 Boarhead Farm at all?
6 A. No.
7 Q. How about the name DeRewal?
8 A. No.
9 Q. How about Marvin Jonas?
10 A. No, never heard of that.
11 Q. Last one, Revere Chemical or Revere?
12 A. No.
13 Q. Now you mentioned a Lorna Goldfarb or
14 Lorna Goldstein?
15 A. Yes.
16 Q. Do you recall which one it was?
17 A. Goldstein, I think.
18 Q. Would she have been someone that was
19 involved with waste hauling?
20 A. No.
21 Q. Would she have been involved with
22 purchase orders or cutting checks, things of that
23 nature?
24 A. Yes.
25 Q. Do you recall what else her

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1 responsibilities were?
2 A. Oh, it was a small office so she did a
3 lot of things but she was primarily the controller,
4 accountant, give her that general title, she had
5 responsibility for purchasing with me.
6 Q. And how about Maureen, do you remember
7 what specifically she did?
8 A. She I believe answered the, she answered
9 the telephone, she was the receptionist and I think
10 at that time we were on a manual invoicing system,
11 she would type out invoices.
12 Q. Any luck on her last name, Maureen's?
13 A. I don't think I ever -- I guess I knew
14 but I have no idea what it is.
15 Q. Do you recall what you did with those
16 invoices when you sold the company?
17 A. No, I do not.
18 Q. Did you have any policy back when you
19 owned the company about retaining records?
20 A. Well, we retained records, you know,
21 there was no formalized policy but we retained
22 records over for as long as we thought it was
23 necessary, we would keep the current year or possibly
24 two years in the office and then once a year remove
25 the records which I guess were three years old and

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1 store them in the plant. And then do this every
2 year. And at some point the stuff that became too
3 old we didn't have room, they would be disposed of.
4 MR. DAVIES: Okay, Steve.
5 (EXAMINATION OF MR. SAYLES BY MR. MIANO:)
6 Q. Len, you said around 1991 you
7 distributed the remaining assets of the corporation
8 that was sold?
9 A. Correct.
10 Q. At the time that you distributed those
11 assets, had you heard about the Boarhead Farm's case
12 or about any EPA investigation or certain
13 investigation into a company with respect to that?
14 A. No, we did not.
15 MR. MIANO: That's all I have.
16 MR. CHAWAGA: Can I go? I just have a
17 few questions.
18 (EXAMINATION OF MR. SAYLES BY MR. CHAWAGA:)
19 Q. I just want to talk a little bit about
20 the -- Mr. Silverman's ownership of the company when
21 you came in.
22 Am I correct in understanding that you
23 and Mr. Wolberg acquired shares of stock of Mr.
24 Silverman's company over time or was there some other
25 way that you acquired the ownership of his company?

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1 A. That is correct. We acquired stock in
2 Merit Metal Products Corporation, acquired eventually
3 the stock that was own by Mel Silverman and the
4 shares that were owned by minority shareholders.
5 Q. Do you recall now what you paid for
6 those shares, either individually or collectively?
7 A. No.
8 Q. Without --
9 A. No, I do not.
10 Q. Even though you don't recall that, do
11 you recall how it was determined how much you should
12 pay for those shares?
13 A. Negotiations.
14 Q. Did anybody do an evaluation of the
15 company of any kind that you recall?
16 A. No.
17 Q. You made an offer of a certain amount or
18 Mr. Silverman made an offer and you went back and
19 forth until you agreed on a price; is that fair to
20 say?
21 A. With respect to Mel Silverman's shares,
22 there was negotiation. With respect to the other
23 minority shareholders, there were different reasons
24 why we acquired them, one person went bankrupt, we
25 bought from the trustee, I don't remember how we came

10 (Pages 34 to 37)

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1 up with that number, it was negotiation.
 2 Q. Am I correct that at some point you had
 3 acquired all of the shares?
 4 A. That is correct.
 5 Q. And after -- at any point during your
 6 process of acquisition, did you provide or sell or
 7 otherwise transfer to Mr. Silverman any shares of
 8 stock?
 9 A. No.
 10 Q. Did -- after you bought him out, did he
 11 ever reacquire any ownership interest in the company?
 12 A. No.
 13 Q. Mr. Wolberg said to us this morning that
 14 thereafter Mr. Silverman did do work for the company
 15 in the sense of being -- having contact with sales
 16 personnel, is that consistent with your recollection?
 17 A. He was a rep, independent contractor, he
 18 had a territory in the south somewhere and I think
 19 around, also I think Pennsylvania. So he was our rep
 20 for Pennsylvania and some territories in the south.
 21 Q. And was compensated on a commission
 22 basis; is that correct?
 23 A. That is correct.
 24 Q. As you know, the plaintiffs in this case
 25 here have suggested that at some point Mr. Silverman

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1 had a tanker or a tanker truck on the Merit Metal
 2 premises of approximately 4,000 gallons. Do you --
 3 well, I'll ask it, do you in connection with your
 4 understanding about the waste streams that were
 5 generated by Merit Metal during your -- the time you
 6 were there, do you know how long it would -- well,
 7 I'm just going to strike the question. I can't think
 8 of a good way to ask it so never mind.
 9 Was -- did I hear you say earlier
 10 something that you, and I may have misheard, did you
 11 say that your initial interest in the Merit Metal
 12 company was 18 percent interest? Or did I mishear
 13 that?
 14 A. It was 18 percent, but I think it was
 15 between -- when you say me you mean Len and me?
 16 Q. That was my question, if I had the
 17 number right, my question was was that your
 18 individual interest or was that the combined interest
 19 of you and Mr. Wolberg?
 20 A. It would be combined but what I'm not
 21 sure of is that in the initial stage whether all of
 22 that wasn't in Len's name and then at some point I
 23 acquired half of his stock.
 24 Q. And my follow up to that is, at the time
 25 that you and Mr. Wolberg were owners of the company,

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1 whenever that, when you had bought out everybody else
 2 and you were the owners --
 3 A. A hundred percent?
 4 Q. Yes.
 5 A. Yes.
 6 Q. Were you each 50 percent owners?
 7 A. Correct. Yes.
 8 MR. CHAWAGA: All right, that's all I
 9 have. Thanks.
 10 THE WITNESS: I do remember the name of
 11 the guy in the foundry, Philip or Phil, but I can't
 12 remember his last name.
 13 MR. MIANO: That will help no doubt.
 14 THE WITNESS: I don't know why but
 15 something just...
 16 MR. DAVIES: If we stay a couple more
 17 hours maybe we'll get that.
 18 Anyone else have anything?
 19 MS. FLAX: I have no questions.
 20 MS. FRIANT: No.
 21 (EXAMINATION OF MR. SAYLES BY MR. FACKENTHAL:)
 22 Q. Did you ever see from the time that you
 23 were first employed there till the time you sold the
 24 business, were there ever tank trucks bringing any
 25 product into the plant?

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1 A. Definitely not.
 2 Q. Any tank trucks ever taking product out
 3 of the plant?
 4 A. Never.
 5 MR. FACKENTHAL: That's all I have.
 6 MR. DAVIES: Okay, we're done.
 7 (Witness excused.)
 8 (Testimony concluded.)
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11 (Pages 38 to 41)

1 CERTIFICATE

2 I, Cynthia A. Cormaney, a Notary Public and
3 Certified Shorthand Reporter of the State of New
4 Jersey and a Commissioner of Deeds of the State of
5 Pennsylvania, do hereby certify that prior to
6 the commencement of the examination,

7 LEONARD P. SAYLES

8 was duly sworn by me to testify to the truth,
9 the whole truth and nothing but the truth.

10 I do further certify that the foregoing is
11 a true and accurate transcript of the testimony
12 as taken stenographically by and before me at the
13 time, place and on the date hereinbefore set forth.


14 I do further certify that I am neither a
15 relative nor employee nor attorney nor counsel of any
16 of the parties to this action, and that I am neither
17 a relative nor employee of such attorney or counsel
18 and that I am not financially interested in this
19 action.
20
21

22 Cynthia A. Cormaney, C.S.R.
23 Notary Public, State of New Jersey
24 My Commission Expires July 24, 2006
25 Certificate No. XI01116
Date: December 6, 2004

C E R T I F I C A T E

I, Cynthia A. Cormaney, a Notary Public
and Certified Shorthand Reporter of the State
of New Jersey and a Commissioner of Deeds of
the State of Pennsylvania, do hereby certify
that the foregoing is a true and accurate
transcript of the testimony as taken
stenographically by and before me at the time,
place and on the date hereinbefore set forth.

I do further certify that I am neither a
relative nor employee nor attorney nor counsel
of any of the parties to this action, and that
I am neither a relative nor employee of such
attorney or counsel and that I am not
financially interested in this action.


Cynthia A. Cormaney, C.S.R.
Notary Public, State of New Jersey
My Commission Expires July 24, 2006
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